

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
for Recovery of Pre-Deployment Costs of the
Advanced Metering Infrastructure (AMI) Project
(U 39 M)

Application 05-03-016
(Filed March 15, 2005)

**ASSIGNED COMMISSIONER'S RULING ESTABLISHING SCOPE,
SCHEDULE, AND PROCEDURES FOR PROCEEDING**

Pursuant to Rules 6(a)(3) and 6.3 of the Commission's Rules of Practice and Procedure,¹ this ruling sets forth the procedural schedule, assigns the principal hearing officer, and addresses the scope of these proceedings following the prehearing conference (PHC) held June 23, 2005. This ruling is appealable only as to category of these proceedings under the procedures in Rule 6.4.

**1. Categorization, Need for Hearings, Ex Parte Rules
and Designation of Principal Hearing Officer**

Under Rule 6.1, on April 7, 2005, the Commission preliminarily categorized Application (A.) 05-03-016, the application of Pacific Gas and Electric Company (PG&E) as ratesetting as defined in Rule 5(c) and determined that the matter should be set for hearing. (Resolution ALJ 176-3150.) The parties did not oppose with the Commission's preliminary categorization of this proceeding, and I affirm the preliminary categorizations of ratesetting and the need for

¹ All references to Rules are to the Commission's Rules of Practice and Procedure found in Title 20 of the California Code of Regulations.

hearing. The *ex parte* rules as set forth in Rule 7(c) and Pub. Util. Code § 1701.3(c)² apply.

In a ratesetting proceeding, Rule 5(k)(2) defines the presiding officer as the principal hearing officer designated as such by the assigned Commissioner prior to the first hearing in the proceeding. I have designated Administrative Law Judge (ALJ) Michelle Cooke as the principal hearing officer. The provisions of § 1701.3(a) apply.

2. Scoping Memo

On March 15, 2005, PG&E filed its application seeking authorization of its advanced metering infrastructure (AMI) pre-deployment proposal and associated cost recovery mechanisms.³ As I described in my May 18, 2005 ruling, PG&E expects to move forward with its pre-deployment work after a decision on this proceeding, in anticipation of a positive outcome in its cost-effectiveness application filed as A.05-06-028.

For purposes of evaluating the pre-deployment request, the Commission must make findings on the following questions:

- Does the proposed system meet the functionality criteria set forth in my ruling issued May 9, 2005?
- Should the ratepayers fund up to \$49 million in pre-deployment AMI expenses and capital additions?
- Should PG&E's proposed calculation method for natural gas and electric revenue requirements be adopted?
- Should PG&E's existing AMDRA memorandum account be modified to include the proposed categories of electric pre-deployment costs?

² All section references are to the Public Utilities Code unless otherwise indicated.

³ AMI consists of both metering and communications infrastructure.

- Should a Gas Advanced Metering Account (GAMA) memorandum account be created with comparable accounting treatment for natural gas pre-deployment costs as adopted for electric pre-deployment costs?
- Should cost recovery of the revenue requirement associated with the \$49 million in pre-deployment AMI expenses and capital additions be subject only to verification that the expenditures were associated with pre-deployment activities or should other review of the reasonableness of the expenditures be required?
- Should PG&E be allowed to make a quarterly advice letter filing to transfer the balances in the AMDRA and GAMA to the DRAM and CFCA for future cost recovery?
- Should the AMDRA and GAMA cost recovery mechanisms extend beyond 2005 if cost recovery of ongoing pre-deployment capital related costs are not addressed in a subsequent proceeding?

The scope of this proceeding encompasses any information reasonably necessary for the Commission to make findings on these questions.

3. Schedule

Testimony and evidentiary hearings have already occurred in this proceeding. The following schedule will be adhered to as closely as possible for the remainder of the proceeding.

Event	Date
Opening Brief/Request for Final Oral Argument	July 25, 2005
Reply Brief (Projected Submission Date)	August 1, 2005
Proposed Decision	September 6, 2005
Commission Decision	October 6, 2005

In Section 1 of Senate Bill (SB) 960 (Ch. 96-0856), the Legislature urges the Commission to resolve the issues within the scope of a proceeding categorized as ratesetting, such as this, within 18 months from the date of the filing of the application. The schedule that we have adopted should allow us to meet that goal.

As stated in the schedule above, and pursuant to Rule 8(d), parties requesting final oral argument before the Commission should include that request in their concurrent opening briefs.

4. Filing and Service of Documents

All formally filed documents must be filed in hard copy with the Commission's Docket Office. In order to ensure timely delivery of documents and conserve resources, we will follow the electronic service protocols adopted by the Commission in Rule 2.3.1 of the Commission's Rules of Practice and Procedure. This Rule requires service of documents to be performed electronically, in a searchable format, unless the appearance or state service list member did not provide an email address. If no email address was provided, service should be made by United States mail. Parties should provide concurrent e-mail service to ALL persons on the service list, including those listed under "Information Only." Any document that is filed MUST also be served electronically.

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: A.05-03-016- PG&E AMI Pre-Deployment. In addition, the party sending the e-mail should briefly describe the attached communication, for example, Brief.

5. Intervenor Compensation

The PHC in this matter was held June 23, 2005. Pursuant to § 1804(a)(1), a customer who intends to seek an award of compensation should file and serve a notice of intent to claim compensation not later than July 25, 2005. A separate ruling will address eligibility to claim compensation.

Therefore, **IT IS RULED** that:

1. The schedule of this proceeding is as set forth in Section 3 in this ruling.
2. This ruling confirms the Commission's preliminary finding in Resolutions ALJ 176-3150 that the category for these proceedings is ratesetting and that hearings are necessary. This ruling, only as to category, is appealable under the procedures in Rule 6.4.
3. The *ex parte* rules as set forth in Rule 7(c) of the Commission's Rules of Practice and Procedure and the reporting requirements of Rule 7.1 apply to this application.
4. Administrative Law Judge Cooke is the principal hearing officer.
5. Parties should serve all filings as set forth in Section 4 of this Ruling.
6. Any party requesting final oral argument before the Commission shall make such request on the date set for filing of concurrent opening briefs.

Dated July 19, 2005, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail, to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Assigned Commissioner's Ruling Establishing Scope, Schedule, and Procedures for Proceeding on all parties of record in this proceeding or their attorneys of record.

Dated July 19, 2005, at San Francisco, California.

/s/ TERESITA C. GALLARDO

Teresita C. Gallardo

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074,

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TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.